

## Message Text

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51

ACTION ARA-20

INFO OCT-01 ISO-00 INT-08 EB-11 CAB-09 CIAE-00 COME-00

DODE-00 INR-10 NSAE-00 RSC-01 FAA-00 SCI-06 SCEM-02

L-03 SS-20 NSC-10 TRSE-00 DOTE-00 OMB-01 H-03 DRC-01

/106 W

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P R 181359Z DEC 73

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC PRIORITY 9340

INFO PAN CANAL

USSOUTHCOM

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EO 11652: N/A

TAGS: ENRG, ETRN, PN

PASS OFFICE OF PETROLEUM ALLOCATION, DEPT OF INTERIOR

SUBJ: CIVIL AVIATION - AIR PANAMA JET FUEL PROBLEM

REF: STATE 245196, 232739 AND 244460; PANAMA 6581, 6659, 6660  
AND 6713

SUMMARY. PRIMARY CONCERN OF AIR PANAMA IS THAT SELECTION  
OF 1972 BASE PERIOD FOR DETERMINING 1974 JET FUEL  
ALLOCATION WOULD TREAT CARRIER UNFAIRLY. AIR PANAMA  
AS "DEVELOPING AIRLINE" BELIEVES THIRD QUARTER 1973  
OPERATING PERIOD WOULD CONSTITUTE REASONABLE BASIS FOR  
1974 FUEL ALLOCATION. ACTION REQUIRED. THAT THIS  
CONCERN BE BROUGHT TO ATTENTION OF OFFICE OF PETROLEUM  
ALLOCATION, INTERIOR DEPARTMENT.

1. EMBASSY BELIEVES THERE MAY BE MISUNDERSTANDING  
CONCERNING AIR PANAMA'S PRIMARY CONCERN, WHICH IS NOT  
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TREATMENT BY CHEVRON, BUT RATHER USE OF 1972 AS

BASE PERIOD FOR COMPUTING 1974 JET FUEL ALLOCATION. AIR PANAMA DID NOT HAVE SUFFICIENT OPERATING HISTORY TO US IN 1972 TO PROVIDE EQUITABLE BASIS FOR MAKING 1974 FUEL ALLOTMENT. AS EMBASSY POINTED OUT IN PARA (4) PANAMA 6581, AIR PANAMA BELIEVES ITS OPERATING RECORD DURING THIRD QUARTER 1973 WOULD PROVIDE FAIR BASIS FOR COMPUTING 1974 JET FUEL SHARE. PROBLEM LIES IN MAKING SURE THAT THIS FACT BE TAKEN INTO ACCOUNT IN DETERMINING AIR PANAMA'S FAIR SHARE.

2. PANAMA HAS HAD ROUTE RIGHTS FOR MANY YEARS BUT IT HAS NOT BEEN ABLE TO USE THEM BECAUSE NO PANAMANIAN CARRIER HAD EQUIPMENT. WE HAVE CONSISTENTLY COUNTERED PANAMA'S ARGUMENTS ON U S EXCESS CAPACITY BY URGING PANAMA TO USE ITS RIGHTS. PANAMA HAS NOW STARTED TO USE RIGHTS. AIR PANAMA ALLEGATION THAT IT NOT RECEIVING TREATMENT ON FUEL SIMILAR TO OTHER FOREIGN CARRIERS IS NOT REPEAT NOT MAJOR POINT.

3. EMBASSY CONSIDERS AIR PANAMA HAS POINT IN INSISTING THAT 1972 IS NOT FAIR BASE YEAR. AIR PANAMA OPERATED ROUTE FOR ONLY PART OF 1972. IT IS IN LONG TERM U S CIVIL AIR INTEREST TO ASSURE THAT PANAMA CAN EXERCISE ITS RIGHTS UNDER CIVIL AIR AGREEMENTS. IT IS NOT IN OUR INTEREST IN EFFECT TO DENY AIR PANAMA RIGHT TO OPERATE BY BASING FUEL ALLOCATION ON 1972 BASE YEAR.  
SAYRE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CIVIL AVIATION, JET FUEL, RESERVE SHORTAGE, RATIONING, TRADE COMPLAINTS, AIRLINES, EMERGENCY PLANNING  
**Control Number:** n/a  
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**Draft Date:** 18 DEC 1973  
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**From:** PANAMA  
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**Legacy Key:** link1973/newtext/t19731218/aaaaangy.tel  
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